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February 11, 2019

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Via Federal Express
Ms. Courtney Avery
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd floor
Springfield, IL 62761

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HEALTH, FACILITIES &
SERVICES REVIEW BOARD

**Re: Project # 18-042, Quincy Medical Group Surgery Center
UnityPoint Health Relationship**

Dear Ms. Avery:

As legal counsel for Quincy Medical Group ("QMG"), we are writing to respond to statements made at the public hearing on January 24, 2019 regarding QMG's relationship with UnityPoint Health ("UnityPoint"). The information provided below is based on a review of all pertinent documents and conversations with representatives of QMG.

As noted in QMG's application, in 2012, UnityPoint acquired a minority interest in QMG. UnityPoint is a large health care system serving nine regions in western Illinois, Iowa, and Wisconsin. There are five UnityPoint hospitals in Illinois: three in the Peoria region and two in the Quad Cities.

UnityPoint currently owns approximately 40% of QMG's stock in the form of preferred shares.¹ QMG physicians own the remaining shares of stock, or approximately 60%, in the form of common shares. As a result, the majority of QMG's stock is held by QMG physicians. While UnityPoint holds a 40% minority ownership interest in QMG, it will not receive profits from the surgery center. As a holder of preferred stock, UnityPoint only receives a fixed nominal dividend as an annual return on investment, akin to repayment of a loan. The dividend is fixed and does not vary.

Contrary to statements made at the public hearing, profits from the surgery center will not leave the State of Illinois. Any profits from the surgery center will be distributed back through

¹ While the application notes that UnityPoint stock ownership is in the form of common shares, this was a clerical error as UnityPoint's ownership is in the form of preferred shares.



February 11, 2019

Page 2

QMG's physician compensation plan, consistent with all applicable legal and regulatory requirements.

Additionally, UnityPoint is not a co-applicant to the project and will not contribute financially to the capital cost of the project. Contribution from UnityPoint is not necessary as QMG is financially capable of covering the associated capital and operating costs of the project without assistance from UnityPoint.

Thank you for your consideration of this letter and continued assistance with the processing of QMG's permit application.

Sincerely,

A handwritten signature in black ink that reads 'Tracey Klein'. The signature is fluid and cursive, with the first name 'Tracey' and last name 'Klein' clearly distinguishable.

Tracey Klein